



U.S. Department of Education
Office of Inspector General

501 I Street, Suite 9-200
Sacramento, California 95814
Phone (916) 930-2388 • Fax (916) 930-2390



December 19, 2002

MEMORANDUM

TO: Sally Stroup
Assistant Secretary
Office of Postsecondary Education

FROM: Gloria Pilotti *Gloria Pilotti*
Regional Inspector General for Audit

SUBJECT: MANAGEMENT INFORMATION REPORT
National Accrediting Commission of Cosmetology Arts and Sciences'
Accreditation Standards for Student Achievement and Measures of
Program Length
Control No. ED-OIG/A09-C0019

Attached is our subject report providing information on the results of our review of the National Accrediting Commission of Cosmetology Arts and Sciences' standards for student achievement and program length as required by the Higher Education Act, Section 496(a)(5). The report does not contain recommendations for Department action, but it does provide information that you may find useful in making management decisions related to Federal recognition of accrediting agencies.

If you have any questions or wish to discuss the contents of this report, please contact me at (916) 930-2399. Please refer to the above control number in all correspondence relating to this report.

Attachment

Electronic cc: John Barth, Accreditation and State Liaison Staff Director, OPE
Carol Griffiths, Accrediting Agency Evaluation Chief, OPE
David Bergeron, Audit Liaison Officer, OPE



U.S. Department of Education
Office of Inspector General

501 I Street, Suite 9-200
Sacramento, California 95814
Phone (916) 930-2388 • Fax (916) 930-2390



December 19, 2002

ED-OIG/A09-C0019

Mark Gross, Chief Executive Officer
National Accrediting Commission of
Cosmetology Arts and Sciences
4401 Ford Avenue, Suite 1300
Alexandria, Virginia 22302

Dear Mr. Gross:

This is the Office of Inspector General's **Final Management Information Report**, entitled *National Accrediting Commission of Cosmetology Arts and Sciences' Accreditation Standards for Student Achievement and Measures of Program Length*.

The purpose of our review of the National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS) was to (1) identify NACCAS' standards for success with respect to student achievement and measures of program length as required by the Higher Education Act (HEA), Section 496(a)(5), and (2) evaluate NACCAS' management controls for ensuring that institutions adhere to its standards for student achievement and measures of program length and that consistent enforcement action is taken when institutions are not in compliance with the standards. This management information report, describing NACCAS' standards and its monitoring and enforcement policies and procedures, is being provided to assist the U.S. Department of Education (Department) in its oversight of accrediting agencies. We also provide suggestions for NACCAS to consider for enhancing its standards and management controls.

We received written comments from NACCAS on a draft of this report. Other than some suggested changes, which we made in this final report, NACCAS concurred that the information contained in the report is accurately presented. NACCAS described its plans to implement or study several of our suggestions, but it expressed concern with our suggestion to utilize and reconcile conflicting findings of on-site evaluation teams participating in the agency's double-teaming process. NACCAS' comments and our response are summarized in the report. The full text of NACCAS' comments is included as an attachment to the report.

REVIEW RESULTS

The Secretary of the Department recognizes NACCAS as a national accrediting agency. To achieve this recognition, the HEA requires accrediting agencies to, among other requirements, establish standards for student achievement and measures of program length. NACCAS has established standards for student achievement that include minimum completion, licensure, and placement rates. For program length, NACCAS' standards require institutions to adhere to state licensure requirements or justify the basis for exceeding those requirements. We suggested that NACCAS could strengthen its standards by (1) conducting a periodic evaluation of its minimum rates for completion, licensure, and placement, (2) revising the definition of exempt students in its completion rate formula, (3) revising its definition of students ineligible for employment or establishing a minimum placement rate for all students who complete the programs, and (4) defining the type and period of employment for an acceptable placement.

NACCAS has policies and procedures in place for monitoring adherence and enforcing its standards for student achievement and program length. Due to the limited documentation available in NACCAS' files, we were unable to confirm that the site visit teams followed NACCAS' procedures for site visit reviews. We provided suggestions that NACCAS might consider for enhancing its management controls.

STANDARDS FOR STUDENT ACHIEVEMENT AND MEASURES OF PROGRAM LENGTH

Section 496 (a)(5) of the HEA requires accrediting agencies to establish accreditation standards that assess the institution's—

- (A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examinations, and job placement rates;... [and]
- (H) measures of program length and the objectives of the degrees or credentials offered;....

The regulations that address accrediting agencies' standards for student achievement and measures of program length mirror the statutory language.

NACCAS' Standard for Student Achievement

NACCAS addresses student achievement in criteria 4 and 5 of its standard on "Educational Objectives and Institutional Evaluation."

4. The institution meets or exceeds the following outcomes:

- Completion rate - 50%
- Pass rate on state licensing examination - 70%
- Placement rate of eligible graduates - 60%

5. The school must document that it evaluates the effectiveness of its programs using but not limited to

- a. pass rates on examination for licensure to practice;
- b. rates of employment and/or placement;
- c. institutional completion rates;
- d. comments and suggestions regularly solicited from students, graduates, and employers of graduates.

According to a NACCAS official, the minimum rates were established in the early 1990s using data collected from its accredited institutions and the minimum outcomes proposed by the former State Postsecondary Review Entities.

The formulas used to calculate each institution's actual completion, licensure, and placement rates are incorporated into NACCAS' database.¹ The database contains the outcomes and other data submitted by institutions in their Annual Reports.

Completion Rate

Total number of students who completed the course
within 150 percent of normal completion time

Total number of students who were scheduled to
complete the course minus the number of exempt students
who did not complete the course

The number of exempt students used in the formula is limited to 25 percent of the total number of students who actually completed the course. Exempt students are students who (1) transferred to another course within the school, (2) did not complete the course due to health reasons, (3) had a military or out-of-state transfer, (4) failed to maintain satisfactory attendance or academic progress, or (5) completed the program outside 150 percent of the normal completion time.

NACCAS' formula overstates completion rates since students who failed to maintain satisfactory attendance and academic progress, and students who completed the program outside 150 percent of the normal completion time are excluded from the formula's denominator. These students had the opportunity to complete the program within 150 percent of the normal completion time.

Licensure Rate

Total number of students who passed the licensing examinations

Total number of students who took the licensing examinations

¹ As discussed later in the report, we found that the completion formula had been incorrectly entered in the database used to calculate rates for the 2000-2001 Annual Report data.

Placement Rate

Total number of students who completed the course
within 150 percent of the normal completion time and found employment

Total number of students who completed the course within 150 percent of
normal completion time minus students ineligible for employment

Students ineligible for employment are those who moved out of state, died, or failed to take the state licensing examination.

NACCAS' placement rate overstates the percentage of students who completed the program and obtained appropriate employment since students who failed to take the state licensing examination are excluded from the formula's denominator.² Also, NACCAS has not defined the type and period of employment for an acceptable placement. Thus, employment of one-day duration could be considered a placement for purposes of calculating the placement rate.

NACCAS' Standard for Measures of Program Length

NACCAS requires institutions to meet State minimum requirements for program length and specifies a model to be used to assess program lengths in excess of the State minimum. Specifically, NACCAS' standard on "Curriculum and Criteria" states—

Courses provide instruction in theory and are designed to develop practical skills required for licensure and employment, or (in the absence of licensure requirements) as required by industry standards for employment.

In the absence of state minimum requirements or if the school wants to exceed the state minimums, the institution in developing the course must include the four points in the following model to assess effective program length for quality education:

- a. State minimum standards;
- b. Industrial needs as determined by the institution's Advisory Committee;
- c. Public safety and sanitation requirements established by the State Board of Cosmetology or other state and local regulatory agencies; and
- d. Special academic needs of the students served, and in accordance with the mission of the institution.

NACCAS' standard on "Participation in Student Financial Assistance Programs" limits the length of programs offered at institutions participating in HEA, Title IV programs to 150 percent of the state minimum requirement.

² In its 1999-2000 Annual Report Verification Study, NACCAS recognized that its placement rate formula needed to be changed to provide useful information to consumers and the NACCAS Board of Commissioners. We discuss the Annual Report Verification Study later in the report.

NACCAS requires a program in credit hours to satisfy the following requirements. For programs measured on a non-standard term or semester basis, one credit hour equals at least 30 clock hours of theory, practice/demonstration, and/or clinical experience. For programs measured on a quarter basis, one credit hour equals at least 20 clock hours of theory, practice/demonstration, and/or clinical experience. If a State mandates a specific clock-to-credit hour formula, the institution is required to use that formula. NACCAS does not require outside preparation time for each credit hour.

Systematic Program of Review

The regulations at 34 C.F.R. § 602.21 address the requirements for an accrediting agency's systematic review of its standards. Paragraph (a) states "[t]he agency must maintain a systematic program of review that demonstrates that its standards are adequate to evaluate the quality of the education or training provided by the institutions and programs it accredits and relevant to the educational or training needs of students." Paragraph (b) lists the following required attributes of the review—

[T]he agency must ensure that its program of review—

- (1) Is comprehensive;
- (2) Occurs at a regular, yet reasonable, intervals or on an ongoing basis;
- (3) Examines each of the agency's standards and the standards as a whole; and
- (4) Involves all of the agency's relevant constituencies in the review and affords them a meaningful opportunity to provide input into the review.

NACCAS established an Advisory Committee on Validity and Reliability to assess the standards and criteria over a five-year cycle—two of the ten standards every year. The Advisory Committee's procedures state that the Committee will conduct a preliminary review of the two standards under review and send surveys to schools, site evaluators, practicing cosmetologist, cosmetology educators, graduates, employers, and government regulatory agencies, including the Department. The Advisory Committee also reviews the six criteria that were most frequently cited in findings by site evaluation teams during the prior year.

In 2000, the Advisory Committee reviewed NACCAS' standard on "Educational Objectives and Institutional Evaluation," which addresses student achievement. As a result of the review, the Advisory Committee recommended and the Commission adopted revisions to the criteria under the standard. For example, the introductory wording for criteria 5 was changed from "[t]he school assess[es] the achievements of its programs and students on the basis of...." to "[t]he school must document that it evaluates the effectiveness of its programs using but not limited to the following items...." Criteria 4, which contains the minimum rates for completion, licensure, and placements, was not changed.

Suggestions for Enhancing the Standard for Student Achievement

To enhance its established standards for student achievement, we suggest that NACCAS consider—

- Requiring its Advisory Committee on Validity and Reliability to conduct quantitative analyses of institutions' past completion, licensure, and placement rates as part of its evaluation to ensure that the minimum levels provide an adequate and relevant measure of educational quality.
- Revising the completion rate formula by removing from the list of exempt students those students who failed to maintain satisfactory attendance and academic progress, and students who completed the program outside 150 percent of the course.
- Either revising the placement rate formula by removing from the list of ineligible students those students who failed to take the state licensing examination or including a separate minimum rate that measures placement for all students who complete the program.
- Defining the type and period of employment for placements reported in Annual Reports.

Based on our review, we have no suggested enhancements for NACCAS' standard for measures of program length.

NACCAS Comments

In its comments on the draft report, NACCAS stated that its Advisory Committee on Standards reviewed the student achievement standard in 2000 and did not recommend changes in the quantitative minimum rates for completion, licensure, and placement. NACCAS stated that the Advisory Committee is scheduled to again review the student achievement standard in 2005. NACCAS plans to discuss the OIG suggested revision to the completion and placement rate formulas at its next Commission policy meeting. NACCAS stated that it already defined employment for purposes of the placement rate: "Employment, to count, must be related to the program from which the student graduated." NACCAS plans to assess the availability of information on length of employment by including questions on employment periods in future Annual Report Verification Studies. NACCAS also provided three proposals for consideration by the Department and State agencies that could result in more accurate employment data for the Department, accrediting agencies, or institutions.

OIG Response

We revised our suggestion on the assessment of minimum rates to focus on the importance of including quantitative analyses as part of the Advisory Committee's review of the student achievement standard. The employment definition, provided in NACCAS' comments, needs to be included in the published standards and instructions for the Annual Report.

MANAGEMENT CONTROLS FOR ENSURING ADHERENCE TO STANDARDS

The regulations at 34 C.F.R. § 602.18 require an accrediting agency to “consistently apply and enforce its standards to ensure that the education or training offered by an institution or program... is of sufficient quality to achieve its stated objective for the duration of any accreditation or preaccreditation period granted by the agency.” In addition, 34 C.F.R. § 602.19 requires the agency to (a) “reevaluate, at regularly established intervals, the institutions or programs it has accredited or preaccredited... [and] (b)... monitor institutions or programs throughout their accreditation or preaccreditation period to ensure that they remain in compliance with the agency's standards.”

NACCAS’ Monitoring Activities and Procedures

NACCAS has policies and procedures that address its effort to ensure adherence to the standards for student achievement and program length, which include Annual Reports submitted by institutions, an Annual Report Verification Study, institutional self-studies, and site visit reviews. Due to the limited documentation available in NACCAS’ files, we were unable to confirm that the site visit teams followed NACCAS’ procedures for site visit reviews. Also, as discussed below, we identified an error in the database formula used to compute completion rates from the institutional Annual Report data.

Annual Reports. Accredited institutions are required to submit an Annual Report, which includes student outcomes data. The Annual Report also includes program information, which NACCAS compares to the prior year data to identify changes in the programs offered and program length.

Student outcome data, which is recorded into a database, is used by NACCAS to calculate each institution’s completion, licensure, and placement rates. Our review found that the 10 institutions in our sample submitted 2000-2001 Annual Reports that contained the required student outcome data and information on program length. Nine of the ten institutions met NACCAS’ minimum completion, licensure, and placement rates.

From the 2000-2001 Annual Report data, NACCAS identified 99 institutions that did not meet one or more of the minimum rates.³ NACCAS requires institutions, which do not meet the minimum rates, to register within 45 days for a workshop on student outcomes. Within six weeks of attending the workshop, the institutions must submit a written plan for improving student achievement. These institutions are required to submit a follow-up report. Beginning with the 2000-2001 Annual Report, NACCAS implemented a policy requiring a limited site review for institutions that do not improve their deficient outcome rate by five percent in the first year following the Annual Report, do not meet the minimum rate in the second year, or fails one

³ Twenty of the 99 institutions that failed to meet minimum rates for the 2000-2001 Annual Report, also failed to meet one or more of the minimum rates based on 1999-2000 Annual Report data.

of the other minimum rates in either the first or second year.⁴ For the one institution in our sample that did not meet the minimum rates for the 2000-2001 Annual Report, we confirmed that institutional representatives attended an outcomes workshop and submitted the required improvement plan.

Our review found that the formula used in the database for the completion rate was incorrect.⁵ NACCAS immediately revised the database formula and recalculated the completion rates for the 2000-2001 Annual Report. NACCAS recalculation identified 20 additional institutions that did not meet the minimum rates under the corrected formula. NACCAS' Chief Executive Officer decided not to notify the 20 institutions that failed the minimum rates because it was too late for the institutions to attend a workshop or take corrective action before the end of the next reporting period.

Annual Report Verification Study. NACCAS' policy requires that the agency conduct an Annual Report Verification Study to confirm information provided in institutional Annual Reports. The agency randomly selects accredited institutions for the verification study. NACCAS' current policy is to exclude from the selection pool those institutions that participated in a verification study conducted in the prior three years or are scheduled for a site visit in the current year.

For the 1999-2000 Annual Report Verification Study, NACCAS selected a total of 76 institutions. The selected institutions were required to submit a listing of students scheduled to graduate in the report year. NACCAS staff confirmed that the listing supported the totals reported in the institutional Annual Report. For a sample of students, the institutions were required to submit enrollment agreements, proof of graduation, proof of employment, and other documentation. NACCAS staff reviewed the supporting documentation and conducted phone interviews with students and employers to confirm the sampled students' completion, licensure, and placement, but did not review support for "exempt students" used in the completion rate formula. NACCAS informed the individual institutions of problems identified in their Annual Reports.

Based on the review, NACCAS recalculated the institutions' completion, licensure, and placement rates. For purposes of the verification study, NACCAS did not include in the rate recalculations the numbers of "exempt students" and students' "ineligible for employment." The Final Report for the 1999-2000 Annual Report Verification Study, issued in September 2001, states "[u]nadjusted rates were used for some purposes in this study as they are a fair basis

⁴ Based on outcomes information in the report from the limited site review and other information, the Commission takes one or more of the following actions: continue accreditation, place the institution on "Accreditation with Reporting Requirements," require an early renewal of accreditation, or withdraw accreditation.

⁵ The database formula was "total number of students who actually completed the course plus the number of exempt students" divided by the "total number of students scheduled to complete the course within 150 percent of the normal completion time."

for direct comparisons.” Schools with recalculated rates below the minimum rates may be directed to submit additional information or an improvement plan.⁶

The Final Report disclosed the following for the 76 institutions in the sample:

- About half of the institutions improperly included students in the count of students who were scheduled to complete in the report year.
- Nine institutions changed from meeting to failing the minimum completion rate based on the recalculations.
- Six institutions changed from meeting to failing the minimum licensure rate based on the recalculations.
- Fifteen institutions changed from meeting to failing the minimum placement rate based on the recalculations.
- Fourteen institutions did not provide any acceptable documentation on placements.
- The number of graduates claimed as “ineligible for employment” allowed 10 institutions to change from failing to meeting the minimum placement rate.
- Licensure rates could not be verified for 13 institutions.

The report recommended that NACCAS continue to cover finding areas in workshops and publications, provide technical assistance to schools, work with software developers to improve record keeping systems, and expend effort to have States make licensure data available to schools. The report also recommended that NACCAS adopt a placement rate formula that “provides consumers with useful pre-enrollment information” and “will alert the Commission to take appropriate action when a school is not fulfilling the accreditation goal of preparing students for licensure and employment in the field.” The Commission did not accept the recommendation to change the placement formula. The Commission concluded that the existing formula was an appropriate measure.

Institutional Self-Study and Site Visits. NACCAS requires institutions seeking renewal of accreditation to conduct an institutional self-study assessing strengths and weaknesses in relation to the institutional mission, educational objectives, and accreditation standards. After receiving the self-study report, an evaluation team, comprised of a representative from a cosmetology school, the salon industry, the public, and NACCAS’ staff, conducts a site visit and issues a Team Report. The purpose of the site visit is to evaluate the institution’s adherence to the accreditation standards. Institutions are required to renew their accreditation every one to five years.

The institutional self-study consists of responses to a series of questions and requests for supporting exhibits that relate to NACCAS’ accreditation standards and criteria. The institutional self-study is required to include the following areas related to student achievement and measures of program length:

⁶ According to the Director for Government Relations and Legal Department, NACCAS did not require institutions with recalculated rates that were slightly below the minimum rate to submit documentation or a plan. In making the decision whether institutions need to submit additional documentation or an improvement plan, the Director stated that she considers the impact that the number of reported “exempt students” and students “ineligible for employment” would have on the recalculated rates.

Student Achievement	Measures of Program Length
<ul style="list-style-type: none"> ▪ Provide a summary of the comments and suggestions received through surveys from students, graduates and employers of graduates. ▪ Describe the frequency of and how the institution assesses its outcome rates and the information received through surveys of current students, graduates and employers of graduates. List who participated in the assessment process, their role, and the frequency of assessment. ▪ Provide a copy of the Annual Report and the worksheets used to compile the information to the evaluation team for verification. ▪ Submit your institution's improvement plan. Describe how this plan was formulated in light of the institution's assessment of its outcomes. If the institution's outcomes fall below its expectations or NACCAS' minimum rates, describe the steps taken to improve the rates. If the institution's rates meet or exceed NACCAS' minimum rates, describe specific actions taken to maintain or improve the rates. 	<ul style="list-style-type: none"> ▪ Describe any significant changes that have been made in the institution's course offerings or in the curriculum since its last grant of accreditation. ▪ Describe how the institution ascertains that relevant and current practices of each occupation are continually being taught. ▪ Describe how the institution ensures that each course is designed so that students acquire the skills needed to make a smooth transition into entry-level employment. ▪ Cite external validations and opinions of the institution's curriculum, such as by State regulatory agencies or the institution's advisory committee. ▪ Provide a copy of the course outline for each course offered by the institution cross-referenced to the list of subject areas required by NACCAS, unless prohibited by State law or regulation.

NACCAS provides the evaluation team with a handbook for conducting and reporting on site visits. The handbook provides a series of questions/instruction related to NACCAS' standards of accreditation, including the standards for student achievement and measures of program length.

Site Team Questions and Instruction Related to Student Achievement and Measures of Program Length
<p>Conduct a phone survey of 5% of the school's graduates who have been placed within the last calendar year, in order to verify employment in the cosmetology field.</p> <p>When does the school evaluate its achievements using the outcomes listed in the criterion? Who studies the outcomes and performs the evaluations? Describe the type of documentation reviewed as part of the evaluation and the results maintained by the school.</p> <p>Describe the method used by the school to seek feedback from students, graduates and employers. How often, and what kind of information is sought? What type of documentation does the school maintain to show that the information received is used for the evaluation of its achievements?</p> <p>Does the school count only those students who have completed all requirements within 150% of the published course length in compiling its completion, placement, and licensure rates?</p> <p>Does EACH course meet or exceed the state's minimum standards? If a course exceeds the state's minimum requirements, explain in what areas. Were there any findings related to the course length in the last review by the State Board? If yes, what was the outcome?</p> <p>List any course Title IV eligible, which exceeds 150% of the state's required hours.</p>

The NACCAS staff member of the evaluation team conducts the review of the Annual Report. According to a NACCAS program manager, the NACCAS staff member reconciles the student counts reported on each line of the Annual Report to the institution's student lists. The NACCAS staff member reviews supporting documentation for 10 percent of the students listed for each report line, including the line for "exempt student" and "student ineligible for employment." The evaluation team calls employers to verify placements for the selected students reported as employed on the Annual Report.

NACCAS' files for the 10 sampled institutions contained an institutional self-study report, which addressed the student achievement and program length areas. Of the nine institutions with Team Reports,⁷ three reports disclosed no institutional limitations (deficiencies) related to student achievement and program length. The other six reports disclosed institutional limitations related to student achievement in one or more of the following areas: advisory committee's representation, meeting frequency, review of outcomes rates, program for assessing the effectiveness of its programs, use of the assessment results or outcomes rates in developing an improvement plan, and submission of lesson plans. For one institution, the site visit team reported that the Annual Report was inaccurate. We found that the Team Reports generally did not include information on the results of the NACCAS staff member's review of the Annual Report and some reports did not include explanations of how the institution met NACCAS standards and criteria.

Due to the limited documentation available in NACCAS' files, we were unable to confirm that the site visit teams followed NACCAS' procedures for site visit reviews. NACCAS' files did not contain completed questionnaires, evaluation checklists, or other documentation showing the results of the teams' evaluation of institutional compliance with the accreditation standards. Also, the files did not contain the results of the NACCAS staff member's verification of Annual Report data.

NACCAS uses a double-teaming process to assess whether evaluation teams are consistently applying the accreditation standards. For a selected institution, two evaluation teams are assigned to conduct the site visit—the designated team and the testing team. NACCAS requires the institution to respond only to the findings identified by the designated team. NACCAS does not utilize or reconcile conflicting information from the testing team in making accrediting decisions. A report on the site visit double-teaming, which NACCAS provided for our review, contained areas where the two teams reached different conclusions on the areas of noncompliance with the accreditation standards.

⁷ For one institution, the site visit for renewal of accreditation was scheduled to occur after our file review at NACCAS.

Substantive Change

The regulations at 34 C.F.R. § 602.22 address the requirements for an accrediting agency's substantive change policy. Paragraph (a) of the section states—

If the agency accredits institutions, it must maintain adequate substantive change policies that ensure that any substantive change to the educational mission, program, or programs of an institution after the agency has accredited or preaccredited the institution does not adversely affect the capacity of the institution to continue to meet the agency's standards

Paragraph (a)(2) lists the types of changes that must be addressed by the agency's policy. The following listed changes could impact an institution's adherence to the accrediting agency's standards on student achievement and measures of program length:

- (i) Any change in the established mission or objectives of the institution.
- (iii) The addition of courses or programs that represent a significant departure, in either content or method of delivery, from those that were offered when the agency last evaluated the institution.
- (iv) The addition of courses or programs at a degree or credential level above that which is included in the institution's current accreditation or preaccreditation.
- (v) A change from clock hours to credit hours.
- (vi) A substantial increase in the number of clock or credit hours awarded for successful completion of a program.

We found that NACCAS' substantive change policies complied with the Federal regulation. Two of the ten institutions in our sample had substantive changes—one institution increased its program length and the other added a program. We found that the institutions properly notified NACCAS and NACCAS followed its procedures for approving the changes.

To ensure that institutions have reported substantive changes in program length, NACCAS uses the program information provided in the Annual Reports. Also, in applications for renewal of accreditation, institutions are required to disclose whether “any of the course(s) offered at your institution exceed the requirements set by the state regulatory agency?” The institution is required to supplement its application with a detailed rationale if the course's length is greater by 20 percent (or 200 hours, whichever is less) the length established by the state regulatory agency.

Suggestions for Enhancing Management Controls For Ensuring Adherence to Standards

To enhance its management controls for evaluating and monitoring institutions' adherence to standards, we suggest that NACCAS consider—

- Including, as part of the Annual Report Verification Study, a verification of supporting documentation for the number of “exempt students” reported by institutions.
- Having site visit teams include in their Team Reports the results of the NACCAS staff's verification of the Annual Report data and the basis for concluding that institutions met the standards for student achievement and measure of course length.
- Having the designated and testing evaluation teams utilize and reconcile any conflicting findings to ensure that the institution addresses all identified problems.

NACCAS Comments

In its comments on the report, NACCAS stated that its policy is to not retain the completed questionnaires, evaluation checklists, and other working documents used by on-site evaluation teams because the Team Report represents the consensus of the team. NACCAS stated that the Team Report format is being changed to include the results of the NACCAS staff's verification of the Annual Report data and the basis for concluding that institutions met the standards for student achievement and measures of program length. To further confirm that site visit teams follow its procedures, NACCAS plans to add items to the questionnaire that evaluation team members use to evaluate each other and the questionnaire given to school owners to comment on the process. NACCAS also stated it is revising procedures to include verification of “exempt students” during site reviews.

NACCAS was concerned that our suggestion, regarding utilization and reconciliation of conflicting findings of the designated and testing evaluation teams, could jeopardize NACCAS' ability to use the double-teaming process. NACCAS stated that if a few schools are required to respond to the findings of two teams, the schools are not being treated consistently in accordance with accreditation procedures. An institution may raise “due process” issues if it is not provided an opportunity to respond to the teams' findings.

OIG Response

Adding items to the team and school evaluations and adding the OIG suggested information in Team Reports would improve NACCAS' documentation of the procedures actually used by on-site evaluation teams, but they would not provide the level of detail contained in documents completed by individual team members during the site visit. We suggest that NACCAS reconsider its record retention policy. We also encourage NACCAS to reconsider our suggestion concerning conflicting findings identified during the double-teaming process. Accrediting agencies are required by Federal regulations to take enforcement action when they become aware that institutions have failed to meet accreditation standards. NACCAS should be able to develop procedures that allow it to retain the benefits of double-teaming, while ensuring that the due process rights of its members are protected and that it acts on all available adverse information.

MANAGEMENT CONTROLS FOR ENSURING ENFORCEMENT ACTION

When an institution or program is not in compliance with the accrediting agency's standards, the regulations at 34 C.F.R. § 602.20 require the agency to either "immediately initiate adverse action against the institution... or... require the institution... to take appropriate action to bring itself into compliance" within established timeframes.

NACCAS has policies and procedures that address its efforts to ensure enforcement of its standards for student achievement and program length. The time allowed by NACCAS' policies and procedures for an institution to remedy a deficiency, together with the time for the Commission to make a final decision, is limited to timeframes that parallel the regulations at 34 C.F.R. § 602.20(a).

NACCAS has three types of enforcement actions: accreditation with reporting requirement, accreditation on probation, and withdrawal of accreditation. Also, NACCAS' Chief Executive Officer is authorized by the Commission to issue an administrative show cause order⁸ to an institution that does not submit an annual report or fails to attend an outcomes workshop.

The status of "accreditation with reporting requirements" is granted to institutions that have not met the minimum rates for graduation, licensure, or placement, but have submitted improvement plans showing the institution can come into compliance with the minimum rates. NACCAS may withdraw its accreditation of the institution, if the institution does not meet the minimum rates within the established timeframes in 34 C.F.R. § 602.20 (a). NACCAS' Institutional Effectiveness: Outcomes Assessment Policy states—

Pursuant to NACCAS' [accreditation standards] and federal regulations, the Commission must withdraw accreditation from any institution which does not bring its standards within NACCAS minimums within established time lines. If the Commission finds the school is providing a quality education not reflected in its low outcomes due to special circumstances, the Commission shall include in the school record a written explanation of those circumstances on which it bases an action other than withdrawal of accreditation.

NACCAS' policy does not define "special circumstances."

⁸ Once institutions have received a show cause order, they are required to provide NACCAS with a response. The response must be accompanied by evidence that demonstrates the institution is in compliance with the standards and criteria or other requirements cited in the order. If the institution does not provide the proper documents, the Chief Executive Officer may withdraw the institution's accreditation.

For the 99 institutions that did not meet one or more of the minimum rates for the 2000-2001 Annual Report, NACCAS reported taking the following actions:

- Fifty-three institutions attended a workshop and submitted or are scheduled to submit an improvement plan.
- Thirteen institutions submitted additional data showing their outcome rates met the minimum standards.
- Twelve institutions were sent show cause orders for failure to provide an improvement plan within six weeks after attending a workshop.
- Eleven institutions had their accreditation involuntarily terminated.
- Seven institutions met minimum outcome rates after NACCAS corrected data entry errors.
- Two institutions had previously approved plans and are being monitored by the Commission.
- One institution closed.

Our testing found that NACCAS followed its policies and procedures for enforcing its accreditation standards. We reviewed five institutions that had their accreditation withdrawn during the period January 1 to March 13, 2002. NACCAS withdrew accreditation for three of the institutions for failing to submit their annual reports and two for failure to pay accreditation fees. NACCAS terminated the institutions' accreditation within the timeframes specified in the regulations. We also reviewed the file of an institution that failed to submit a required Application for Addition or Change of a Course. NACCAS required the institution to undergo an early renewal of accreditation.

NACCAS established accreditation decision guidelines and uses a double-teaming process to ensure that the Commission's file review teams consistently enforce the accreditation standards. The file review team reviews the Team Report, institution's response, and other documents; applies the decision guidelines; and makes a recommendation to the Commission. The double-teaming process is similar to that used for the site reviews. Two file review teams are assigned to conduct the review and develop a recommendation—the designated team and the test team. The full NACCAS Board of Commissioners only hears the recommendation of the designated team. NACCAS does not utilize and reconcile areas where there are differences in the conclusions reached by the two teams. The report on the file review double-teaming, which NACCAS provided for our review, contained areas where the two teams reached different conclusions on areas of noncompliance with the accreditation standards.

Suggestions for Enhancing Enforcement Procedures

While our review found that NACCAS has management controls in place for ensuring that enforcement action is taken when institutions are not in compliance with the standards, NACCAS could enhance the controls by:

- Defining the “special circumstances” that NACCAS would consider when deciding whether to withdraw accreditation for institutions not meeting its minimum completion, licensure, and placement rates.

- Utilizing and reconciling areas where there are differences in the conclusions reached by designated and testing file review teams when making accrediting decisions.

NACCAS Comments

In its comments to the report, NACCAS described its on-going study to determine if variable outcomes standards were needed for institutions serving different student populations, and for possibly defining special or mitigating circumstances that might be a basis for accepting lower outcome rates at some institutions. NACCAS stated that the OIG suggestion to utilize and reconcile conclusions reached by designated and testing file review teams did not raise the same concern discussed earlier for on-site evaluation teams.

OIG Response

NACCAS did not state whether it would or would not consider implementation of the OIG's suggestions. We encourage NACCAS to implement the OIG suggestions by publishing a definition of "special circumstances" and implementing procedures for utilizing and reconciling differences in conclusions reached by file review teams.

BACKGROUND

NACCAS is an independent, non-profit corporation. The Board of Commissioners, which oversees the agency, is comprised of 13 elected representatives from cosmetology schools, cosmetology salons, and educational administration. The Board of Commissioners sets policy and approves institutions for accreditation. A Chief Executive Officer administers the policy set forth by the Board of Commissioners and directs the activities of the agency's administrative staff.

The Department most recently renewed NACCAS' recognition in 2000 for a period of five years. To be accredited by NACCAS, an institution must meet the agency's standards and related criteria published in the *NACCAS Handbook*.⁹ NACCAS accredits about 1,000 institutions that, in total, have about 100,000 students enrolled in their programs.

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of the review was to (1) identify NACCAS' standards for success with respect to student achievement and measures of program length as required under the HEA, Section 496, and (2) evaluate NACCAS' management controls for ensuring that institutions adhere to its standards for student achievement and measures of program length and that consistent enforcement action is taken when institutions are not in compliance with the standards.

⁹ For purposes of our review, we used NACCAS' *Annotated Rules of Practice and Procedures - Annotated Standards and Criteria*, dated December 2001. The agency's current procedures were not fully described in the 2001-2002 edition of the *NACCAS Handbook*.

Our review focused on the agency's current standards related to student achievement and program length and the procedures that NACCAS used for monitoring and enforcing those standards. We reviewed applicable Federal laws and regulations; reviewed NACCAS' policies, procedures, and guidance; and interviewed the Chief Executive Officer and several staff.

To confirm that NACCAS adhered to its monitoring policies and procedures, we reviewed agency files for 10 institutions. The 10 institutions were randomly selected from the 918 NACCAS-accredited institutions. We reviewed the 2000-2001 Annual Report submitted by the institutions, which was the most recent report for which NACCAS had calculated the institutions' completion, licensure, and placement rates.

To confirm that NACCAS adhered to its enforcement policies and procedures, we reviewed agency files for the five institutions for which NACCAS withdrew accreditation during the period January 1 to March 13, 2002.

We relied on student achievement and course length data contained in NACCAS' database to achieve our purpose. We also interviewed the System Administrator regarding NACCAS' controls over the Annual Report data that was entered into its database. To determine the completeness of the database, we compared the number of institutions in the database to the number of NACCAS-accredited institutions in the Department's Postsecondary Education Participation System database. In addition, we tested the accuracy of the data entered in the NACCAS' database by tracing the information to the files for the 15 institutions we reviewed. Based on these assessments, we concluded that the data were sufficiently reliable for our purpose.

We conducted work at the NACCAS' office in Alexandria, Virginia, from March 11 through March 21, 2002. We held an exit briefing with NACCAS officials on August 28, 2002. Our review was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review.

STATEMENT ON MANAGEMENT CONTROLS

We assessed the system of management controls, policies, procedures, and practices applicable to NACCAS' process for monitoring and enforcing accreditation standards for student achievement and program length. We performed our assessment to determine whether NACCAS' processes provided a reasonable level of assurance that the agency ensured that institutions adhered to established standards and, when institutions were noncompliant, NACCAS took consistent enforcement action.

For the purpose of this report, we assessed and classified significant controls related to NACCAS' accreditation standards into the following categories:

- Monitoring institutions' adherence to the standards, and
- Taking enforcement action for noncompliant institutions.

The management of NACCAS is responsible for establishing and maintaining a management control structure. In fulfilling this responsibility, judgments by management are required to

assess the expected benefits and related costs of control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that institutions adhere to accreditation standards and that enforcement action is taken when institutions are found to be noncompliant with the standards.

Because of inherent limitations in any management control structure, errors and irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

As we discussed in the REVIEW RESULTS section, we concluded that NACCAS could enhance its management controls by (1) verifying the "exempt students" as part of the Annual Report Verification Study and on-site review process, (2) including in the Team Report the results of the review of the Annual Report, (3) having the designated and testing evaluation teams utilize and reconcile any conflicting findings to ensure that the institution addresses all identified problems, (4) defining "special circumstances" for an action other than withdrawal of accreditation for institutions not meeting the minimum outcome, and (5) utilizing and reconciling areas where there are differences in the conclusions reached by designated and testing Commission file review teams when making accrediting decisions.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and suggestions in this report represent the opinions of the Office of Inspector General. In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Gloria Pilotti". The signature is written in dark ink and is positioned above the printed name and title.

Gloria Pilotti
Regional Inspector General
for Audit

ATTACHMENT

NACCAS' Comments on the Draft Report

ED-OIG NOTE

In the introductory paragraphs of the attachment, NACCAS referred to the Department's *Data Quality Standards*. We clarified in a letter to NACCAS, dated March 19, 2002, that our conclusions regarding adherence to Federal requirements would be based on the applicable HEA provisions, Federal regulations, Secretary's comments issued in the Federal Register, and any guidance or correspondence between the Department and the accrediting agencies.



NATIONAL ACCREDITING COMMISSION OF COSMETOLOGY ARTS & SCIENCES

4401 Ford Avenue, Suite 1300 Alexandria, VA 22302 • (703) 600-7600 • FAX (703) 379-2200

<http://www.naccas.org> naccas@naccas.org

October 20, 2002

Ms. Gloria Pilotti
Regional Inspector General for Audit
U.S. Department of Education
501 I Street – Suite 9-200
Sacramento, CA 95814

Dear Ms. Pilotti,

We have received the draft report ED-OIG/A09-C0019 following the audit by two or your special agents. We value the high level of professionalism, objectivity, and care taken by Mr. Stan Karpinski and Ms. Beverly Dalman in their conduct of the study on our premises and through subsequent requests for supplemental information. Their thoroughness is appreciated.

One element of the review, that surprised NACCAS was application to NACCAS of *Data Quality Standards* that were developed in 1999 to assist managers of the U.S. Department of Education. NACCAS had no knowledge of these *Data Quality Standards* or that accrediting agencies would be evaluated based on them, until the letter setting up the audit was received..

Our other comments are organized under the suggestions made in the report. A few “housekeeping” comments are included.

Responses to OIG Suggestions

The OIG suggests that NACCAS consider –

- *#1. Assessing at regular intervals the minimum rates for completion, licensure, and placement to ensure the minimums are set at levels that provide an adequate and relevant measure of education quality (p. 6)*

The report correctly states that in the year 2000 NACCAS' Advisory Committee on Standards reviewed the NACCAS outcomes standards, made recommendations to the Commission, and changes were adopted. The Advisory Committee did not recommend any changes in the quantitative outcomes standards. According to the Committee's schedule, the outcomes standards will undergo comprehensive review again in 2005.

- *#2. Revising the completion rate formula by removing from the list of exempt students those students who failed to maintain satisfactory attendance and academic progress, and students who completed the program outside 150 percent of the course. (p. 6)*

NACCAS has performed a very preliminary analysis of the impact adoption of this suggestion would have on completion rates at NACCAS-accredited schools. Taking the sample of 74 annual reports selected for the 2000-2001 annual report verification study, NACCAS noted 18 institutions, or about one fourth of the institutions, did not claim any exemptions in either of these categories. In seven cases, these exemptions may have pulled the completion rate above the 50% minimum standard. In the other 49 cases both the unadjusted rate and the rate calculated using these two adjustments were either above 50% or below. More in-depth analysis of the impact of these exemptions will be a basis for discussions at the Commission's next policy meeting, in May 2003..

- *#3. Either revising the placement rate formula by removing from the list of ineligible students those students who failed to take the state licensing examination or including a separate minimum rate that measures placement for all students who complete the program. (p. 6)*

This suggestion will be on the agenda of the Commission's next policy meeting.

- *#4. Defining the type and period of employment for placements reported in annual reports. (p. 6)*

Action: NACCAS has added two questions to the survey questionnaire used in the annual report verification study. To the questions asked of former students who are graduates, and who have been employed in the field, the following question has been added: "How many months have you worked in the cosmetology field? ____ (# of months)." To the questions asked of employers of graduates the following question has been added: "How many months did the graduate work there? ____ (# of months)."

The responses to this survey will give the Commission an idea of how available information on length of employment may be.

The type of employment is already defined by the Commission.. Employment, to count, must be related to the program from which the student graduated.

Proposal: For a decade the Commission has been grappling with the question of how to obtain accurate, meaningful employment data. It would be easy to cite a litany of reasons why cosmetology schools, whose average enrollment is 83 students, are limited in the types of tracking systems and procedures they can install. Instead, we suggest an approach that would result in more accurate employment data than has previously been available to the Department, accreditors, or the institutions they accredit.

Proposal 1: Provide access to the Department of Health and Human Services National Directory of New Hires database.¹ The United States Department of Education already carries out data matches with this database as a tool for collecting on student loans.² Accreditors could obtain lists of graduates with social security numbers and submit these or a sample of these for employment verification against the national database. This would allow for tracking graduates over time and could be used to determine whether or not a graduate's job is related to the training received.

Proposal 2: State agencies which license cosmetology professionals could require applicants for the initial license or license renewal to indicate where they are working. If state law could allow the Department, schools, accrediting agencies, or schools access to this information by matching social security numbers employment information could be obtained.

Proposal 3: State agencies could require applicants for salon licenses to list employees, booth renters, and independent contractors working in the facility. Again, if access were available to the Department, accreditors, or schools, this would be a source of good employment information.

With any of these proposals, a number of working graduates would not be caught:

- Unlicensed graduates who are working
- Graduates working in unlicensed salons
- Unreported booth renters and independent contractors
- Graduates who have moved out of state (state data bases)

Despite the fact that some employed would not be counted through these proposals, NACCAS believes access to state or federal databases is the best way to track employment for a number of reasons:

1. Accuracy of data
 2. Independence of data
 3. Cost efficiency
 4. Ability to track employment over longer periods of time
- *#5. Including as part of the Annual Report Verification Study, a verification of supporting documentation for the number of "exempt students" reported by the institutions. (p. 12)*

¹ Required by the Work Opportunity Act of 1996.

² "Accountability for Results Works: Default Rate – Lowest Ever" e-mail from OPE ASL Partners dated 21 Sep 2001.

The on-site evaluation procedure for checking back-up documents is being revised to include verification for the number of "exempt students" reported on the annual report.

- #6. *Having site visit teams include in their Team Reports the results of the NACCAS staff's verification of the Annual Report data and the basis for concluding that institutions met the standards for student achievement and measure of course length. (p.12)*

The Team Report format is being adjusted to consistently include this information.

- #7. *Having the designated and testing evaluation teams utilize and reconcile any conflicting findings to ensure that the institution addresses all identified problems. (p. 12)*

Comment: "Double teaming" of on-site evaluation teams is a research method used by the Advisory Committee on Standards to gather information on reliability and consistency in application of the standards. This need must be balanced with the requirement that NACCAS carry out its service while providing due process to the institutions which submit to accreditation procedures. On-site evaluation procedures require a single on-site team to go in to an institution. The school has an opportunity to respond to the teams findings and so on. If a few schools are required to respond to the findings of two teams, the schools are not being treated consistently in accordance with accreditation procedures. In order to avoid "due process" issues raised by this, the Commission might find this most useful research avenue blocked off.

- #8. *Defining the "special circumstances" that NACCAS would consider when deciding whether to withdraw accreditation for institutions not meeting its minimum completion, licensure, and placement rates. (p.14)*

Comment. This suggestion already is being addressed through a research project the Commission contracted with an outside educational research firm. In January 2001 the Commission solicited bids to conduct a study of the links between student and community characteristics and graduation, licensure, and employment rates (Links Project). The purpose was to see if variable outcomes standards were needed for institutions serving different student populations, and for possibly defining special or mitigating circumstances based on which the Commission might accept lower outcomes at some institutions.

Funds for the study were included in the 2001-2002 budget and the research began in December 2001. The OIG auditors learned of the study but the initial final report was not received until August, 2002, several months after the OIG audit. The Links Project researchers grouped schools into quintiles according to various characteristics: length of program, ownership structure of the institution, percentage of students receiving Pell grants, age of students, dependent or independent status of students, length of course, percent of Pell applicants that were single parents, percent of Pell applicants receiving

Aid to Families with dependent Children, and percent of Pell applicants that had an expected family contribution (EFC) of zero. Correlations between characteristics and outcomes were run. The outcomes NACCAS could expect at a school given the student characteristics were calculated. Then schools that exceeded expectations were identified. These were based on adjusted completion, placement and licensure rates.

In October, 2002 the Commission requested that the quintiles and expected outcomes be re-calculated using unadjusted completion, placement and licensure rates. The initial purpose of the re-calculation is to identify schools exceeding expectations so the researchers can find out what "best practices" they use. The Links Project will be completed before the next policy meeting of the Commission (May 2003).

- #9. *Utilizing and reconciling areas where there are differences in the conclusions reached by designated and testing file review teams when making accrediting decisions. (p. 14)*

Comment: In the case of file review teams, that "double team," since teams merely make a recommendation, and the decision is of the full Commission, there is not the same "due process" issue in adopting this suggestion from the OIG as in adopting suggestion number 7.

"Housekeeping":

A. (Page 3) "NACCAS has not evaluated the minimum rates since their initial establishment." (page 6) Suggestion that NACCAS assess at regular intervals the minimum rates for completion, licensure, and placement.

See comment under Suggestion #1.

B (page 6) "Due to the limited documentation available in NACCAS files, we were unable to confirm that the site visit teams followed NACCAS' procedures for site visit reviews." (page 10) Due to the limited documentation available in NACCAS files, we were unable to confirm that the site visit teams followed NACCAS' procedures for site visit reviews...."

Action: About twelve years ago, a decision was made not to preserve the completed questionnaires, evaluation checklists, and other working documents used by on-site evaluation teams because the Team Report represents the consensus of the team. However, as part of each on-site evaluation, the members of the evaluation team are given a questionnaire to evaluate each other as well as the NACCAS staff person. The school owner is given a questionnaire to comment on adherence to the process, as well as to rate the evaluators and staff person. NACCAS is including questions on these evaluation forms to gather additional information to confirm (or not) that site visit teams follow NACCAS procedures during on-site evaluations.

C. (page 8) List of findings from the Final Report (1999-2000 annual report verification study)

Comment: Besides using overall findings for policy purposes, each institution in the study receives an individual school analysis to provide technical assistance to help it understand how the report should be filled out, and the sorts of back-up documents that are acceptable.

D. (p. 9) "Institutions are required to renew their accreditation every three to five years."

Correction: Three years is the maximum grant of accreditation the Commission may grant an applicant for initial accreditation, or an institution granted accreditation following an appeal. Five years is the maximum grant of accreditation the Commission may grant to an institution seeking renewal of accreditation. Institutions may be required to renew their accreditation every one to five years.

E. (p. 10) "Of nine institutions with Team Reports...." And footnote "One institution was scheduled for a site visit at a future date.

Correction: This comment is misleading as it implies NACCAS accredited an institution that had not been visited. The OIG Report does not state the time period looked at by the auditors, but seemed to concentrate on two or three recent years. Chart 1 lists the on-site evaluation visits carried out at the institutions in the OIG sample since 1997.

Chart 1.

KEY: CON = Consultation Visit COV = change of ownership visit
INT = initial visit IVS = unannounced visit
LOV = Low Outcomes Visit REN = renewal visit

Visits Since 1997

NACCAS Ref. #	Institution Name, Address	OPEID	Visits
1074/028012-00	Stevenson's Acad New Orleans, LA 70116	026693	IVS 1997, REN 1999
1736/014041-00	Marinello San Bernardino, CA 92410	007476	IVS 1997, REN 1998
1587/042037-00	Jon Louis Jamaica NY 11432	009578	REN 1998
0634/053064-00	Ogle Arlington, TX 76013	013016	REN 2001
1635/053073-00	International #4 Irving, TX 75061	012932	CON 1998, REN 2002

NACCAS Ref. #	Institution Name, Address	OPEID	Visits
1321/057046-00	The Academy Wenatchee, WA 98815	025049	REN 1997, REN 2001
0268/012044-00	Charles of Italy Lake Havasu City, AZ 86403	022805	REN 1999
1925/030035-00	New Creation Suitland, MD 20746	03327300	INT 1998, REN 2001
1909/053179-00	Academy Beaumont, TX 77701	032773	INT 1997, REN 2001
0149/015024-00	Artistic Beauty Colleges Westminster, CO 80030	021411	COV/REN 2001

F. (p. 14) "To be accredited by NACCAS, an institution must meet the agency's standards and related criteria contained in its publication, titled *Annotated Rules of Practice and Procedures – Annotated Standards and Criteria*, dated December 2001."

Correction: The schools must comply with the standards, rules, procedures, and policies published each July in the much more extensive *NACCAS Handbook*. The annotated rules and standards are only for use by the Commission and staff to help ensure consistency in decisions. It was provided to the OIG Auditors because the new "low outcomes" procedure adopted by the Commission to go into effect in October 2001, had not been published in the 2001-2002 edition of the *NACCAS Handbook*.

The OIG report is a third-party review of standards and procedures which can point the Commission to areas needed improvement or greater control. Again, we appreciate the work of the audit team.

Sincerely,



Mark C. Gross
Chief Executive Officer

REPORT DISTRIBUTION LIST
ED-OIG/A09-C0019

Auditee

Mark Gross, Chief Executive Director
National Accrediting Commission of
Cosmetology Arts and Sciences
4401 Ford Avenue, Suite 1300
Alexandria, Virginia 22302

ED Action Official

Sally Stroup, Assistant Secretary
Office of Postsecondary Education

Other Departmental Officials/Staff (electronic copy)

Audit Liaison Officer
Office of Postsecondary Education

Assistant General Counsel
Office of the General Counsel

Accreditation and State Liaison Staff Director
Office of Postsecondary Education

Deputy Secretary
Office of the Deputy Secretary

Accrediting Agency Evaluation Chief
Office of Postsecondary Education

Chief of Staff
Office of the Secretary

Assistant Secretary
Office of Legislation and Congressional Affairs

Under Secretary
Office of the Under Secretary

Assistant Secretary
Office of Intergovernmental and Interagency Affairs

Director
Office of Communications

Director
Financial Improvement and Post Audit Operations
Office of the Chief Financial Officer

Chief Financial Officer
Office of the Chief Financial Officer

Post Audit Group Supervisor
Financial Improvement and Post Audit Operations
Office of the Chief Financial Officer

Chief Operating Officer
Federal Student Aid

Correspondence Control
Office of General Counsel